

## GOVERNOR'S CONSUMER PROTECTION TASK FORCE

### ENERGY EFFICIENCY ISSUES

The Governor's Consumer Energy Protection Task Force (GTF) was directed to address three main issues, one of which was to address mitigating energy costs for low income energy consumers and another was to address reliable, affordable and stable electricity supply costs. The GTF has previously addressed several issues related to these including recommending an additional allocation of over \$760,000 to low-income weatherization programs. The following discussion and recommendations will complete the GTF's work on these issues.

#### **Residential Energy Code:**

The GTF examined the current status of the residential energy code in Montana and concluded that our current energy code should be modified to include additional cost-effective energy saving measures. Subsequently, the GTF recommended to the Governor and the Department of Labor and Industry (DLI) that the existing residential energy code be updated. In making its recommendation, the GTF relied upon a joint study on energy codes and measure cost effectiveness prepared by the Northwest Power and Conservation Council (NWPCC) and the Montana Department of Environmental Quality (DEQ). (See attachment 1 for the measures and cost effectiveness). The joint study was based upon a prospective approach, examining prototypical houses using Montana climate data and fuel costs.

The Montana DLI responded favorably to the GTF's recommendation and is currently undertaking the administrative process to adopt an updated residential energy code. The Montana DLI is conducting a public meeting on April 26, 2004 to consider the proposed adoption and amendments that would result in an updated residential energy code. However, the DLI has indicated that they intend to propose adoption of the 2003 IECC, with the current basement exemption. The joint study and a more recent study conducted by the NWPCC show that measures beyond those contained in the 2003 IECC are cost-effective to consumers in light of current energy prices and mortgage rates (even for homes heated with natural gas).

EXHIBIT

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**Table 1. Comparison of recommended levels of insulation**

Component	Montana	2003 IECC	NWPCC**
Ceiling	38	49	49
Wall above ground	19	21	21
Floor over unheated spaces	19	21	30
Window U values	.40	.35	.35
Basement wall	10*	11	19
Slab-on-grade (4' perimeter)	6	13	—

\* In 1998 Montana code was changed to allow insulation of basement walls below uninsulated floors to be delayed, except for rim joists and perimeter cripple walls, until such time as the basement actually is finished for occupancy

\*\* Tom Eckman, NWPCC, Model Conservation Standards, April 6, 2004

The issue before the task force is whether to recommend Montana DLI adopt the IECC or the IECC and the additional measures shown to be cost effective in the joint study.

**Recommendation:** The GTF needs to decide: a) whether to submit comments to the MT DLI; and b) if yes, whether to endorse the 2003 IECC or the 2003 IECC with additional measures. In addition, the GTF has been working with the Interim Committee on Electricity and Telecommunications (ETIC) on an informal basis, as a working group for the residential energy codes. While the GTF has reported back to the ETIC in the form of recommendations, the GTF has not filed any formal report with the ETIC. The GTF should submit a written report summarizing its work on residential energy codes, including the results of the NWPCC/DEQ cost effectiveness analysis to the ETIC, for its use in its ongoing work with SJ13.

### **Self Certification:**

The state of Montana requires that all new residential construction conform to the State Energy Code. Homes built outside of municipal jurisdictions that exercise code enforcement are required to be self certified by the homebuilder. Self-certification is accomplished by filing out a label explaining shell and other energy efficiency measures and placing that label on the home's electric panel. While studying residential energy codes, the GTF learned that only 40 percent of new residential construction is being self certified by the homebuilder.

The GTF recognizes that it is not practical to expand the current level of energy code enforcement. However, the GTF is concerned with the low rate of self-certification, given that it is mandated by statute. For this reason, the GTF supports the development of mechanisms to increase

homebuilders' awareness of the statutory requirement to self certify. One such mechanism would be for the state electric inspector to place self-certification labels at the time of inspection. To be clear, the state electric inspector would not fill out the label, but would simply post the label to increase awareness to the homebuilder and for the homebuilder's convenience.

**Recommendation:** The GTF requests the Governor support efforts to increase awareness for the need for homebuilder to self certify the energy efficiency components in new residential construction. Additionally, the GTF recommends that the Governor send this recommendation to the ETIC because this recommendation may require legislation for it to be implemented.

### **Mobile Home Replacement:**

During a presentation on conservation programs, Mr. Eckman from the NWPCC introduced the GTF to a relatively new concept for a program, or programs, to replace the existing stock of older mobile homes, rather than paying to insulate them. The GTF has since learned that in some of Montana Human Resource and Development Council (HRDC) Districts, up to 50% of the units weatherized under the low-income weatherization program are mobile homes. It costs about \$2,600 on average to weatherize a mobile home. Under a mobile home replacement program the money that is currently spent to weatherize an older energy inefficient house would instead be used to help buy down the cost of a new energy efficient mobile home. The GTF supports the mobile home replacement program in concept, but also finds that funding that can be supported by the energy savings is likely to fall far short of the amount needed to make the program succeed. A successful mobile home replacement program is not likely to occur until funding can be combined from many sources (e.g. Federal, State and Tribal). Additionally, disposing of the old mobile home stock represents yet another challenge, since most mobile homes have been built with products containing asbestos.

**Recommendation:** The GTF recommends that the Governor request a state agency (e.g. DEQ) to monitor the development of mobile home replacement programs in other states and report their findings back to the Governor on an annual basis until a mobile home replacement program is developed and implemented in Montana. The agency should also explore opportunities for reducing barriers to successful implementation of a mobile home replacement program and explore opportunities for Montana's state agencies to participate in broader regional or national programs designed to replace older mobile homes.